

Decision 16-09-052 September 29, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFICORP (U901E), an Oregon Company, for Approval to Reactivate the Surcharge To Fund Public Purpose Programs and Other Matters.

Application 13-07-015
(Filed July 22, 2013)

**DECISION GRANTING PETITION OF PACIFICORP TO MODIFY
DECISION 14-04-008 TO CONTINUE ITS ENERGY EFFICIENCY
PROGRAMS THROUGH 2017**

Summary

In this decision, the California Public Utilities Commission (Commission) grants the uncontested petition filed by PacifiCorp on June 8, 2016. This decision authorizes PacifiCorp to recover up to \$2.675 million through the Surcharge to Fund Public Purpose Programs for 2017, and to extend its current energy efficiency programs, including making any changes to the Surcharge via Tier 2 Advice Letters through the end of 2017.

Adoption of this Decision will close the proceeding.

1. Background

PacifiCorp describes itself as a multi-jurisdiction electric utility providing electric service to retail customers in California, Idaho, Oregon, Utah,

Washington, and Wyoming. PacifiCorp serves approximately 47,000 customers in Del Norte, Modoc, Shasta, and Siskiyou counties in Northern California.¹

On July 16, 2007, PacifiCorp filed an application for approval of its new energy efficiency programs.² On January 31, 2008, the Commission issued Decision (D.) 08-01-041,³ which approved the settlement agreement between the Division of Ratepayer Advocates (now the Office of Ratepayer Advocates “ORA”) and PacifiCorp.⁴ The Commission authorized PacifiCorp to collect \$1.3 million annually from 2008 through 2011 to implement the following programs:

1. Home Energy Savings Program (Schedule D-118);
2. Energy FinAnswer (Schedule A-125); and
3. FinAnswer Express (Schedule A-115).⁵

Due to the “economic recession . . . and lower than expected awareness of the programs and energy efficiency in general amongst the Company's customers in California,”⁶ customer participation in the programs turned out to be much lower than expected between 2008 and 2011.⁷ Because actual expenditures fell short of the forecast, PacifiCorp accumulated a positive balance

¹ Application of PACIFICORP (U901E), an Oregon Company, for Approval to Reactivate the Surcharge to Fund Public Purpose Programs and Other Matters (Application) at 2.

² Application (A.) 07-07-011

³ See D.08-01-041 for detailed background regarding the programs offered by PacifiCorp.

⁴ D.08-01-041

⁵ D.14-04-008 at 2.

⁶ PacifiCorp Advice Letter 451-E at 2.

⁷ A.13-07-015 at 4.

of \$2.3 million in its Balancing Account.⁸ Consequently, on September 27, 2011, PacificCorp filed AL 451-E requesting authority to: (1) suspend the Surcharge to Fund Public Purpose Programs (Surcharge), (2) extend the programs through 2012, and (3) fund the extension with the positive \$2.3 million Balancing Account.⁹ The Commission approved the request on November 29, 2011, and PacificCorp subsequently suspended the collection of the Surcharge.¹⁰

Between November 2011 and December 2012, participation, program saving acquisitions, and associated program expenditures exceeded the revised forecast and the Balancing Account became a deficit balance in May 2013.¹¹ Subsequently, on July 22, 2013, PacificCorp filed A.13-07-015 requesting approval to reactivate the Surcharge and to continue its energy efficiency programs through 2016.¹²

On April 4, 2014, the Commission issued D.14-04-08 authorizing PacificCorp to continue its programs and to reactivate its Surcharge to collect \$4.9 million for 2014 through 2016.¹³

On February 24, 2015, PacificCorp filed AL 518-E to consolidate the two non-residential energy efficiency programs into a single non-residential program.¹⁴ The Commission approved the consolidation on May 1, 2015.¹⁵

⁸ A.13-07-015 at 4.

⁹ PacificCorp Advice Letter 451-E at 4.

¹⁰ A.13-07-015 at 4.

¹¹ A.13-07-015 at 4.

¹² A.13-07-015

¹³ D.14-04-008 at 11.

¹⁴ PacificCorp AL 518-E at 1.

¹⁵ A.13-07-015 at 2.

Participation in the programs has exceeded expectations such that the Balancing Account under-collected \$1.5 million as of March 2016.¹⁶

On March 25, 2016, PacifiCorp filed AL 540-E to adjust the Surcharge to increase the total annual amount collected in 2016 to \$3.9 million.¹⁷ The Commission approved AL 540-E on April 24, 2016.

On June 8, 2016, PacifiCorp submitted a petition to modify D.14-04-008 to extend their energy efficiency programs through 2017 and to receive authorization to collect \$2.675 million through its Surcharge. There were no responses or protests to the petition.

2. Issues Before the Commission

The issues presented by the petition for modification are:

1. Whether to authorize PacifiCorp to extend its energy efficiency programs and to collect \$2.675 million through its Surcharge through 2017; and
2. How PacifiCorp will request future adjustments to its Surcharge through 2017.

3. Discussion and Analysis

3.1 Whether to authorize PacifiCorp to extend its energy efficiency programs and to collect \$2.675 through Surcharge through 2017

In D. 14-04-008 we acknowledged that approval of the settlement in D.08-01-041 reflected our goal of making standard the rules applicable to all administrators of energy efficiency programs. We, in this same decision stated that we want PacifiCorp's filing process to synchronize with those of the other

¹⁶ PacifiCorp AL 540-E at 3.

¹⁷ PacifiCorp AL 540-E at 3.

regulated utilities offering energy efficiency programs.¹⁸ At the time D.14-04-008 was issued, energy efficiency programs complied with a review process structured on a three-year cycle. On October 28, 2015, D.15-10-028 established a new rolling portfolio review process, which abandoned the old triennial review and adopted as-needed business and implementation plan updates, annual AL budget filings, a coordinating committee for stakeholder portfolio evaluations, and a rolling portfolio cycle schedule. In anticipation of this new process, PacifiCorp has requested an extension of its current program in order “to monitor the new energy efficiency program landscape and realign its own programs and targets, where feasible, with those of the larger utilities.”¹⁹

Based on the new rolling portfolio implementation adopted in D.15-10-028, and the demonstrated participation in PacifiCorp’s energy efficiency programs we find it reasonable to approve PacifiCorp’s petition to modify D.14-04-008 to allow for extension of PacifiCorp’s energy efficiency programs through 2017. This one-year extension will allow PacifiCorp to evaluate the rolling energy efficiency portfolio review process and, where feasible, align its schedules and budgets in compliance with the new regulatory scheme.

PacifiCorp’s petition for modification does not alter the Surcharge nor the energy efficiency programs approved in D.14-04-008. The programs the Surcharge pays for are a just and reasonable cost of service. Continuing the current programs and Surcharge collection as proposed in the Petition for Modification is the appropriate mechanism for recovery through 2017. The program is cost-effective as the savings accumulated over time through the

¹⁸ D.14-04-008 at 8.

¹⁹ PacifiCorp’s Petition for Modification filed June 8, 2016 at 4.

reduced need for millions of kWh of electric generation outweighs the modest cost of the Surcharge to ratepayers. The continuation of the program through 2017 is in the public interest.

3.2 How PacifiCorp will request future adjustments to the Surcharge

With the petition for modification, PacifiCorp proposes to continue following the current advice letter procedure to seek authorization for changes in the surcharge. PacifiCorp seeks to “preserve the status quo” for one more year while monitoring the recent changes to the energy efficiency regulatory process consistent with the Commission’s goal of standardizing the rules applicable to administrators of energy efficiency programs and in accordance with D.15-10-028.²⁰ The Commission therefore authorizes PacifiCorp to utilize the Tier 2 advice letter process to propose any changes to the Surcharge through 2017.

4. Modification to the Decision

Consistent with Rule 16.4, PacifiCorp has sufficiently explained why the petition to modify D.14-04-008 could not have been presented within one year of the effective date of that decision. PacifiCorp was not able to file this petition for modification within one year of issuance of D.14-04-008 because the Commission did not issue its decision changing the energy efficiency review process until October 2015. Any petition filed before issuance of D.15-10-028 would have been premature. The Commission therefore accepts and grants PacifiCorp’s petition to modify D.14-04-008 as follows:

²⁰ PacifiCorp’s Petition for Modification filed June 8, 2016 at pg. 5 and D.14-04-008 at 8.

In ordering paragraph 1:

“1. PacifiCorp may reinstitute its public purpose Surcharge to recover the costs of its approved energy efficiency programs of \$4.9 million for 2014 through 2016 and \$2.675 million for 2017, plus the balance of its Demand Side Management Programs Balancing Account (Balancing Account).”

In ordering paragraph 6:

“Through 2016 2017, the Commission authorizes PacifiCorp to make changes to the public purpose surcharge via Tier 2 advice letters.”

5. Waiver of Public Comments

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.5(c)(2) of the Commission’s Rules of Practice and Procedure, the otherwise applicable 30-day period for public review comment is waived.

6. Assignment of Proceeding

President Michael Picker is the assigned Commissioner and Darcie L. Houck is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Commission approved PacifiCorp’s energy efficiency programs in D.08-01-041 (as modified and consolidated in AL 518-E).
2. On November 29, 2011, the Commission suspended PacifiCorp’s Surcharge through approval of AL 451-E.
3. PacifiCorp filed A.13-07-015 on July 22, 2013 requesting approval to reactive its previously suspended surcharge to fund public purpose programs and other matters.

4. The Commission issued D.14-04-008 on April 11, 2014 authorizing PacifiCorp to reinstitute its public purpose Surcharge and continue its energy efficiency programs through 2016.

5. On March 25, 2016, PacifiCorp filed AL 540-E, seeking authority to adjust the Surcharge to collect an annual total of \$3.922 million due to higher than expected participation in the energy efficiency programs. Absent this collection rate, the Balancing Account was forecast to have an under-collection balance of \$1.415 million at the end of March 2016 and \$1.780 million at the end of 2016. The Commission approved AL 540-E on April 24, 2016.

6. AL 540-E also approved adding the previously authorized DSM Balancing Account to PacifiCorp's Preliminary Statement.

7. PacifiCorp filed a petition to modify D.14-04-008 to continue its energy efficiency programs through 2017 on June 8, 2016. No responses or protests were filed to the petition.

8. PacifiCorp, in its petition, proposes to collect \$2.675 million for 2017 through its Surcharge to Fund Public Purpose Programs. The proposed amount is consistent with PacifiCorp's current forecast for DSM expenditures for 2017 set forth in AL 540-E, dated March 25, 2016.

9. Ratepayers have increasingly utilized the programs since it was reinstated on April 10, 2014. The programs that the Surcharge pays for are and will be a just and reasonable cost of service. Continuing the programs and collection of the Surcharge continues to be the most appropriate mechanism for recovery through 2017.

10. In D.14-04-008, the Commission stated that one of its reasons for approving the settlement in D.08-01-041 was that it "placed PacifiCorp on the same energy efficiency budget cycle as California's large investor-owned electric utilities."

The Decision also stated that this reflected the Commission goal of making standard the rules applicable to all administrators of energy efficiency programs and for PacifiCorp to synchronize its filing process with the other large utilities.

11. In D.15-10-028, the commission announced a new rolling portfolio review process. Extending PacifiCorp's energy efficiency programs through 2017 will allow PacifiCorp to monitor the new energy efficiency landscape and realign its programs and targets with other regulated utilities programs consistent with Commission policy.

Conclusions of Law

1. The modification requested continues programs that reduce the need for millions of KWh of electric generation capacity at a modest cost to ratepayers and is therefore consistent with D.15-10-028 and Commission policy. The programs are consistent with and further the purpose of Article 7 of the Public Utilities Code.

2. Granting the modification requested is in the public interest.

3. It is reasonable to modify D. 14-04-008 as proposed in PacifiCorp's petition filed on June 8, 2016.

4. The petition is uncontested therefore the 30-day review and comment period may be waived, and the decision is made effective immediately.

O R D E R

IT IS ORDERED that:

1. Decision 14-04-008 is modified as follows:

a. In Ordering Paragraph 1:

“PacifiCorp may reinstitute its public purpose Surcharge to recover the costs of its approved energy efficiency programs of \$4.9 million for 2014 through 2016 and \$2.675 million for 2017, plus the balance of its Demand Side Management Programs Balancing Account (Balancing Account).”

b. In Ordering Paragraph 6:

“Through 2016 2017, the Commission authorizes PacifiCorp to make changes to the public purpose surcharge via Tier 2 advice letters.”

2. Application 13-07-015 is closed.

This order is effective today.

Dated September 29, 2016, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

LIANE M. RANDOLPH

Commissioners

Commissioner Carla J. Peterman, being
necessarily absent, did not participate.